

SERFF Tracking Number: TRAX-125346376 State: Arkansas  
Filing Company: TRANSGUARD INSURANCE COMPANY OF AMERICA, INC. State Tracking Number: EFT \$100  
Company Tracking Number: WC AR0711701R01  
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
Product Name: Adoption of NCCI AR WC Approved Voluntary Advisory  
Project Name/Number: Adoption of NCCI AR WC Approved Voluntary Advisory Loss Costs and Rating Values and Assigned Risk Rates and Rating Values to Be Effective January 1, 2008/WC AR0711701R01

## Filing at a Glance

Company: TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

Product Name: Adoption of NCCI AR WC SERFF Tr Num: TRAX-125346376 State: Arkansas

Approved Voluntary Advisory

TOI: 16.0 Workers Compensation

SERFF Status: Closed

State Tr Num: EFT \$100

Sub-TOI: 16.0004 Standard WC

Co Tr Num: WC AR0711701R01

State Status: FEES RECEIVED

Filing Type: Rate

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler, Brittany Yielding

Author: SPI Transguard

Disposition Date: 11/05/2007

Date Submitted: 11/02/2007

Disposition Status: Approved

Effective Date Requested (New): 01/01/2008

Effective Date (New): 01/01/2008

Effective Date Requested (Renewal):

Effective Date (Renewal):

## General Information

Project Name: Adoption of NCCI AR WC Approved Voluntary Advisory Status of Filing in Domicile:

Loss Costs and Rating Values and Assigned Risk Rates and Rating

Values to Be Effective January 1, 2008

Project Number: WC AR0711701R01

Domicile Status Comments:

Reference Organization: NCCI - National Council on Compensation Insurance, Inc. (NCCI)

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 11/05/2007

State Status Changed: 11/02/2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

In accordance with the filing requirements of your state, we hereby submit the captioned filing for your review and approval.

At this time, we are filing to adopt the NCCI advisory loss costs which were approved for use in your state effective July 1, 2007 as announced in NCCI Circular #AR-2007-13 and Filing Circular AR-2007-10 (NCCI Item Filing #AR-2007-10,).

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We are requesting a change in our LCM currently on file with your Department. Our TRANSGUARD rate pages reflecting the LCM change accompany this request. We have attached as support for our LCM request our Actuarial Memorandum, Arkansas Expense Ratio Exhibits and Rate of Return Exhibits.

This filing is being submitted under your Prior Approval statute. We request that this filing be applicable to all policies effective on or after January 1, 2008.

## Company and Contact

### Filing Contact Information

Gloria Goldbranson, Compliance Support Gloria.Goldbranson@Transguard.com  
Leader  
215 Shuman Blvd (800) 796-2480 [Phone]  
Naperville, IL 60563 (630) 864-3579[FAX]

### Filing Company Information

TRANSGUARD INSURANCE COMPANY OF CoCode: 28886 State of Domicile: Illinois  
AMERICA, INC.  
215 Shuman Blvd Group Code: 225 Company Type: Property & Casualty  
Suite 400  
Naperville, IL 60563 Group Name: IAT Reinsurance State ID Number:  
Company Group  
(800) 796-2480 ext. [Phone] FEIN Number: 36-3529298  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$100.00  
Retaliatory? No

*SERFF Tracking Number:*      *TRAX-125346376*      *State:*      *Arkansas*

*Filing Company:*      *TRANSGUARD INSURANCE COMPANY OF*      *State Tracking Number:*      *EFT \$100*  
*AMERICA, INC.*

*Company Tracking Number:*      *WC AR0711701R01*

*TOI:*      *16.0 Workers Compensation*      *Sub-TOI:*      *16.0004 Standard WC*

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**Fee Explanation:**

**Per Company:**      **No**

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.	\$100.00	11/02/2007	16448820

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	11/05/2007	11/05/2007

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## Disposition

Disposition Date: 11/05/2007

Effective Date (New): 01/01/2008

Effective Date (Renewal):

Status: Approved

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.	5.200%	\$6,583	37	\$126,594	7.900%	4.200%	%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Supporting Document	Cover Letter	Approved	Yes
Supporting Document	Arkansas Actuarial Memorandum	Approved	Yes
Supporting Document	Arkansas Rate of Return Exhibits	Approved	Yes
Supporting Document	Arkansas LCM Exhibits	Approved	Yes
Rate	Arkansas Rate Revision effective 01/01/08	Approved	Yes

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## Rate Information

Rate data applies to filing.

Filing Method: Prior Approval

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 1.400%

Effective Date of Last Rate Revision: 10/01/2007

Filing Method of Last Filing: Prior Approval

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.	%	5.200%	\$6,583	37	\$126,594	7.900%	4.200%



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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Approved	Arkansas Rate Revision effective 01/01/08	S1 - S6	Replacement	AR-PC-07-026011 S1 - S6.PDF

**TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.**

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY**

**ARKANSAS**

**Rates**

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*Effective January 1, 2008*

**Original Printing**

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
0005	5.52	712	1852D	2.56	416	2534	2.75	435	3081D	2.93	453	3632	3.56	516
0008	3.39	499	1853	3.05	465	2570	5.59	719	3082D	4.65	625	3634	2.20	380
0016	7.11	750	1860	1.75	335	2576	—	—	3085D	3.43	503	3635	2.06	366
0034	4.84	644	1924	3.71	531	2578	—	—	3110	3.50	510	3638	1.83	343
0035	2.82	442	1925	3.06	466	2585	3.08	468	3111	3.48	508	3642	1.07	267
0036	4.68	628	2001	2.77	437	2586	1.17	277	3113	2.49	409	3643	3.47	507
0037	5.07	667	2002	3.84	544	2587	2.49	409	3114	2.95	455	3647	3.73	533
0042	8.21	750	2003	3.22	482	2589	1.85	345	3118	1.65	325	3648	2.43	403
0050	6.25	750	2014	6.08	750	2600	5.59	719	3119	1.25	285	3681	1.62	322
0059D	0.34	194	2016	2.79	439	2623	2.90	450	3122	1.33	293	3685	2.12	372
0065D	0.06	166	2021	3.86	546	2651	2.58	418	3126	2.27	387	3719	3.92	552
0066D	0.06	166	2039	5.30	690	2660	1.81	341	3131	1.04	264	3724	7.73	750
0067D	0.06	166	2041	4.55	615	2670	2.71	431	3132	2.37	397	3726	4.13	573
0079	3.65	525	2065	1.41	301	2683	2.33	393	3145	2.20	380	3803	2.14	374
0083	9.57	750	2070	5.80	740	2688	3.34	494	3146	2.96	456	3807	1.85	345
0106	16.23	750	2081	5.01	661	2701	9.09	750	3169	3.05	465	3808	3.16	476
0113	5.43	703	2089	3.13	473	2702X	31.20	750	3175D	3.35	495	3821	4.86	646
0170	3.01	461	2095	3.71	531	2710	9.61	750	3179	2.74	434	3822	3.18	478
0251	6.11	750	2105	2.87	447	2714	5.78	738	3180	2.45	405	3824	5.57	717
0400	9.74	750	2110	2.58	418	2719X	12.60	750	3188	1.64	324	3826	1.20	280
0401	14.21	750	2111	2.33	393	2731	4.23	583	3220	2.32	392	3827	1.38	298
0771N	0.36	196	2112	2.96	456	2735	3.43	503	3223	3.74	534	3830	1.33	293
0908P	144.18	304	2114	3.56	516	2759	8.57	750	3224	3.06	466	3851	3.30	490
0909P	—	160	2121	2.27	387	2790	1.62	322	3227	2.04	364	3865	1.49	309
0912P	—	160	2130	3.34	494	2802	7.47	750	3240	3.84	544	3881	4.39	599
0913P	385.56	546	2131	2.04	364	2812	5.01	661	3241	3.40	500	4000	8.55	750
0917	4.26	586	2143	2.53	413	2835	1.91	351	3255	3.01	461	4021	5.18	678
1005*	11.32	750	2150	—	—	2836	2.72	432	3257	3.09	469	4024E	1.96	356
1016*	41.89	750	2156	—	—	2841	4.75	635	3270	5.07	667	4034	7.95	750
1164E	8.29	750	2157	4.37	597	2881	2.62	422	3300	4.24	584	4036	3.05	465
1165E	7.91	750	2172	2.48	408	2883	4.97	657	3303	4.18	578	4038	2.45	405
1320	3.34	494	2174	3.22	482	2913	3.58	518	3307	4.10	570	4053	3.73	533
1322	13.45	750	2211	6.06	750	2915	4.44	604	3315	3.06	466	4061	4.99	659
1430	6.06	750	2220	2.30	390	2916	2.84	444	3334	2.92	452	4062	3.61	521
1438	3.11	471	2286	1.70	330	2923	2.35	395	3336	2.84	444	4101	2.28	388
1452	2.14	374	2288	5.31	691	2942	2.79	439	3365	11.19	750	4111	2.69	429
1463	13.32	750	2300	2.48	408	2960	3.48	508	3372	3.14	474	4112	1.10	270
1472	4.05	565	2302	2.17	377	3004	2.96	456	3373	3.92	552	4113	1.94	354
1624E	8.76	750	2305	2.87	447	3018	3.56	516	3383	1.12	272	4114	2.79	439
1642	4.39	599	2361	1.56	316	3022	3.82	542	3385	1.02	262	4130	6.48	750
1654	9.48	750	2362	2.09	369	3027	3.47	507	3400	2.98	458	4131	3.13	473
1655	5.28	688	2380	7.13	750	3028	3.65	525	3507	3.37	497	4133	2.98	458
1699	2.45	405	2386	1.39	299	3030	4.81	641	3515	2.72	432	4150	1.51	311
1701	4.07	567	2388	2.20	380	3040	4.78	638	3548	1.44	304	4206	4.60	620
1710E	7.60	750	2402	2.66	426	3041	4.13	573	3559	2.49	409	4207	1.33	293
1741E	2.03	363	2413	2.12	372	3042	3.74	534	3574	1.38	298	4239	1.54	314
1745X	3.34	494	2416	2.20	380	3064	5.35	695	3581	1.39	299	4240	3.39	499
1747	2.79	439	2417	2.04	364	3066	—	—	3612	2.56	416	4243	1.65	325
1748	6.53	750	2501	1.73	333	3069	7.76	750	3620	7.03	750	4244	2.72	432
1803D	6.25	750	2503	1.56	316	3076	3.19	479	3629	2.20	380	4250	1.72	332

**REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES.**

\* Refer to Footnotes Page for additional information on this class code.

**TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.**

**ARKANSAS**

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY**

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**Rates**

Original Printing

*Effective January 1, 2008*

CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
4251	1.91	351	4828	1.65	325	5703	116.74	750	7098M	37.20	750	7610	0.55	215
4263	2.75	435	4829	1.80	340	5705	5.88	748	7099M	58.95	750	7611	6.89	750
4273	1.88	348	4902	1.98	358	5951	0.44	204	7133	4.07	567	7612	19.16	750
4279	2.04	364	4923	1.31	291	6003	12.07	750	7151M	4.94	654	7613	5.51	711
4282	2.51	411	5020	6.66	750	6005	7.95	750	7152M	8.70	750	7704	-	-
4283	2.71	431	5022	7.27	750	6017	5.02	662	7153M	5.49	100	7705	3.21	481
4299	1.73	333	5037	20.30	750	6018	2.56	416	7222	11.60	750	7710	7.74	750
4304	3.21	481	5040	23.72	750	6045	3.43	503	7228X	9.09	750	7711	7.74	750
4307	3.11	471	5057	18.68	750	6204	11.21	750	7229X	9.04	100	7720X	3.21	481
4308	-	-	5059	26.81	750	6206	8.63	750	7230	4.42	602	7855	7.00	750
4351	1.26	286	5069	25.77	750	6213	13.37	750	7231	9.77	750	8001	2.85	445
4352	1.18	278	5102	4.96	656	6214	3.22	482	7232	16.62	750	8002	3.74	534
4360	0.92	252	5146	5.86	746	6216	6.09	750	7309F	31.43	750	8006	2.62	422
4361	1.56	316	5160	5.22	682	6217	5.69	729	7313F	7.24	750	8008	1.36	296
4362	1.25	285	5183	3.77	537	6229	4.76	636	7317F	11.60	750	8010	2.51	411
4410	3.39	499	5188	6.29	750	6233	8.75	750	7327F	25.29	750	8013	0.58	218
4420	4.02	562	5190	3.68	528	6235	13.24	750	7333M	8.62	750	8015	0.81	241
4431	1.70	330	5191X	2.06	366	6236	15.11	750	7335M	9.57	750	8017	1.39	299
4432	1.83	343	5192	4.63	623	6237	4.15	575	7337M	15.18	750	8018X*	3.13	473
4439	2.15	375	5213	8.91	750	6251D	9.01	750	7350F	27.46	750	8021	2.01	361
4452	3.95	555	5215	4.67	627	6252D	8.16	750	7360	6.85	750	8031	3.65	525
4459	2.43	403	5221	4.75	635	6260D	6.19	750	7370	5.93	750	8032	1.88	348
4470	2.62	422	5222	11.68	750	6306	6.40	750	7380X	4.81	641	8033	2.28	388
4484	2.71	431	5223	6.38	750	6319	6.40	750	7382	3.26	486	8039	1.70	330
4493	3.26	486	5348	4.46	606	6325	5.95	750	7390	4.11	571	8044	3.74	534
4511	0.79	239	5402	5.85	745	6400	7.99	750	7394M	17.29	750	8045	0.53	213
4557	2.11	371	5403	11.91	750	6504	2.79	439	7395M	19.20	750	8046	3.32	492
4558	2.17	377	5437	5.46	706	6702M*	8.51	750	7398M	30.42	750	8047	1.43	303
4561	2.20	380	5443	4.34	594	6703M*	14.97	750	7403X	3.30	490	8050	-	-
4568	3.09	469	5445	5.52	712	6704M*	9.44	750	7405N	1.75	335	8058	3.35	495
4581	1.94	354	5462	7.19	750	6801F	16.33	750	7409*	-	-	8072	0.76	236
4583	5.30	690	5472	5.95	750	6811	6.53	750	7420X*	25.22	750	8102	3.09	469
4611	1.09	269	5473	6.06	750	6824F	28.22	750	7421	2.62	422	8103	5.46	706
4635	4.44	604	5474	8.42	750	6826F	13.66	750	7422	2.90	450	8105	5.52	712
4653	1.56	316	5478	5.17	677	6834	4.88	648	7423X	3.30	490	8106	5.15	675
4665	7.89	750	5479	12.07	750	6836	10.69	750	7425	4.08	568	8107	4.75	635
4670	5.07	667	5480	11.79	750	6843F	18.76	750	7431N	2.27	387	8111	3.69	529
4683	5.38	698	5491	2.53	413	6845F	22.08	750	7445N	0.94	254	8116	5.35	695
4686	1.33	293	5506	5.17	677	6854	6.16	750	7453N	1.22	282	8203	7.23	750
4692	0.42	202	5507	6.76	750	6872F	25.50	750	7502	3.43	503	8204	7.29	750
4693	1.00	260	5508D	8.59	750	6874F	45.30	750	7515	1.26	286	8209	3.58	518
4703	2.67	427	5535	7.76	750	6882	7.05	750	7520	3.52	512	8215	6.42	750
4717	2.80	440	5536	-	-	6884	15.47	750	7538	11.24	750	8227	5.09	669
4720	4.58	618	5537	6.48	750	7016M	6.40	750	7539	7.14	750	8232	7.53	750
4740	1.73	333	5538	-	-	7024M	7.11	750	7540	4.75	635	8233	5.69	729
4741	2.07	367	5551	16.91	750	7038M	7.60	750	7580	2.40	400	8235	4.76	636
4751	2.20	380	5606	2.28	388	7046M	33.47	750	7590	5.10	670	8263	10.69	750
4771N	2.06	366	5610	8.02	750	7047M	11.28	750	7600	3.47	507	8264	4.75	635
4777	2.04	364	5645	13.40	750	7050M	13.38	750	7601	13.90	750	8265	11.26	750
4825	0.87	247	5651	10.85	750	7090M	8.44	750	7605	3.89	549	8279	12.17	750

**REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES.**

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TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY

Rates

Effective January 1, 2008

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CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM	CLASS CODE	RATE	MIN PREM
8288	7.89	750	9012	1.96	356			
8291	2.87	447	9014	2.74	434			
8292	3.48	508	9015X	3.24	484			
8293	9.62	100	9016	5.80	740			
8295X	6.98	750	9019	3.90	550			
8304	8.33	750	9033	2.12	372			
8350	6.09	750	9040*	4.10	570			
8380	4.11	571	9052	2.06	366			
8381	1.64	324	9058	2.01	361			
8385	3.14	474	9059	3.45	505			
8392	4.05	565	9060	2.11	371			
8393	1.91	351	9061	1.60	320			
8500	5.91	750	9063	1.28	288			
8601	0.81	241	9077F	4.65	625			
8606	4.20	580	9082	1.93	353			
8709F	9.56	750	9083	1.72	332			
8719	2.09	369	9084	2.38	398			
8720	1.39	299	9089	1.54	314			
8721	0.47	207	9093	1.72	332			
8726F	11.36	750	9101	3.58	518			
8734M	0.81	241	9102	3.52	512			
8737M	0.73	233	9110	—	—			
8738M	1.28	288	9154	2.87	447			
8742X	0.60	220	9156	1.64	324			
8745	5.46	706	9170	2.74	434			
8748	0.49	209	9178	29.27	750			
8755	0.34	194	9179	51.09	750			
8799	1.13	273	9180	5.07	667			
8800	1.13	273	9182	3.13	473			
8803	0.10	170	9186	63.68	750			
8805M	0.39	199	9220	4.42	602			
8810	0.29	189	9402	6.16	750			
8814M	0.36	196	9403	7.57	750			
8815M	0.63	223	9410	2.30	390			
8820	0.26	186	9501	5.65	725			
8824	3.32	492	9505	4.15	575			
8825	2.75	435	9516	3.30	490			
8826	2.64	424	9519	2.88	448			
8829	3.14	474	9521	6.19	750			
8831	3.48	508	9522	1.80	340			
8832	0.32	192	9534	8.76	750			
8833X*	1.31	291	9554	10.13	750			
8835	2.53	413	9586	0.86	246			
8842	1.38	298	9600	1.90	350			
8861	—	—	9620	1.43	303			
8864	1.38	298						
8868	0.47	207						
8869	0.87	247						
8871	0.29	189						
8901	0.34	194						

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES.

\* Refer to Footnotes Page for additional information on this class code.

Effective January 1, 2008

FOOTNOTES

- D Rate for classification already includes the specific disease loading shown in the table below--See Rule 3-A-7 of Basic Manual.
- E Rate for classification already includes the specific disease loading shown in the table below.

Code No.	Specific Disease Loadings	Disease Symbol	Code No.	Specific Disease Loadings	Disease Symbol
0059D	0.21	S	1852D	0.03	Asb
0065D	0.04	S	3081D	0.03	S
0066D	0.04	S	3082D	0.04	S
0067D	0.04	S	3085D	0.04	S
1164E	0.06	S	3175D	0.02	S
1165E	0.03	S	4024E	0.01	S
1624E	0.03	S	5508D	0.02	S
1710E	0.04	S	6251D	0.04	S
1741E	0.17	S	6252D	0.03	S
1803D	0.17	S	6260D	0.02	S

Asb=Asbestos, S=Silica

- F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rate contains a provision for federal assessment.
- M Rate provides for coverage under Admiralty Law and Federal Employers' Liability Act (FELA). A provision for the USL & HW assessment is included for those classifications under Program II USL Act.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.
- X Refer to special classification phraseology in these pages which is applicable in this state.

Class Codes with Specific Footnotes

- 1005 Rate includes a non-ratable disease element of **\$2.85**. (For coverage written separately for federal benefits only, **\$2.15**. For coverage written separately for state benefits only, **\$0.70**.)
- 1016 Rate includes a non-ratable disease element of **\$11.44** (For coverage written separately for federal benefits only, **\$8.59**. For coverage written separately for state benefits only, **\$2.81**.) It also includes a catastrophe loading of **\$0.10**. Refer to the Manual of Underground Coal Mine Rules, Classifications, and Rates for the rules applicable to the use of this classification code.
- 6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x **1.215**.
- 6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x **2.14** and elr x **1.982**.
- 6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x **1.35**.
- 7409 Payroll is subject to a maximum of \$600 per week per employee effective January 1, 2005. The ELR on the rate page should be applied to policies with effective dates on or after January 1, 2005 (\$600 payroll limitation). An ELR of **1.36** should be applied to policies with effective dates prior to January 1, 2005 (\$300 payroll limitation).
- 7420 Payroll is subject to a maximum of \$600 per week per employee effective July 1, 2006. The ELR on the rate page should be applied to policies with effective dates on or after July 1, 2006 (\$600 payroll limitation). An ELR of **4.16** should be applied to policies with effective dates prior to July 1, 2006 (uncapped payroll).
- 8018 See Arkansas Special Classification for Warehousing-groceries exclusively.
- 8833 The ex-medical cost for this classification is **\$0.43**. A charge of **\$0.10** is to be added to this class' rate whenever this class is applied to a hospital or sanitarium specializing in the treatment of tuberculosis. Apply to the Rating Organization having jurisdiction for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.
- 9040 The ex-medical cost for this classification is **\$1.24**. A charge of **\$0.10** is to be added to this class' rate whenever this class is applied to a hospital or sanitarium specializing in the treatment of tuberculosis. Apply to the Rating Organization having jurisdiction for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.

REFER TO UPDATE PAGE FOR ALL SUBSEQUENT REVISIONS TO ALL CLASS CODES.

Effective January 1, 2008

**MISCELLANEOUS VALUES**

**Percentage Premium Reductions** - The following percentages are applicable by deductible amount and hazard group for total losses on a per claim basis:

Total Losses							
	Hazard Groups						
Deductible Amount	A	B	C	D	E	F	G
\$ 1,000	11.9%	9.7%	8.4%	7.0%	5.9%	4.1%	3.1%
1,500	14.5%	11.9%	10.3%	8.7%	7.4%	5.3%	4.0%
2,000	16.6%	13.6%	11.8%	10.2%	8.6%	6.2%	4.8%
2,500	18.3%	15.2%	13.3%	11.4%	9.7%	7.0%	5.4%
3,000	20.0%	16.6%	14.5%	12.5%	10.7%	7.8%	6.1%
3,500	21.4%	17.8%	15.7%	13.5%	11.6%	8.6%	6.7%
4,000	22.7%	19.0%	16.7%	14.5%	12.5%	9.4%	7.2%
4,500	24.0%	20.0%	17.7%	15.4%	13.3%	10.1%	7.7%
5,000	25.1%	21.1%	18.7%	16.3%	14.1%	10.7%	8.3%

Indemnity Losses Only							
	Hazard Groups						
Deductible Amount	I	II	III	IV	IV	IV	IV
\$ 1,000	11.6%	9.4%	8.1%	6.8%	5.7%	3.9%	3.0%
1,500	13.8%	11.3%	9.8%	8.3%	6.9%	4.9%	0.0%
2,000	15.6%	12.8%	11.1%	9.4%	8.0%	5.7%	0.0%
2,500	17.1%	14.1%	12.3%	10.4%	8.9%	6.4%	0.0%
3,000	18.3%	15.2%	13.3%	11.3%	9.6%	7.0%	0.0%
3,500	19.5%	16.2%	14.2%	12.1%	10.3%	7.6%	0.0%
4,000	20.5%	17.1%	15.0%	12.9%	11.0%	8.1%	0.0%
4,500	21.4%	17.9%	15.7%	13.5%	11.7%	8.6%	0.0%
5,000	22.3%	18.7%	16.4%	14.2%	12.2%	9.1%	0.0%

Medical Losses Only							
	Hazard Groups						
Deductible Amount	I	II	III	IV	IV	IV	IV
\$ 1,000	2.6%	2.1%	2.0%	1.8%	1.6%	0.0%	1.0%
1,500	3.6%	2.9%	2.7%	2.5%	2.2%	0.0%	1.4%
2,000	4.5%	3.7%	3.4%	3.1%	2.8%	0.0%	1.8%
2,500	5.2%	4.4%	4.0%	3.7%	3.3%	0.0%	2.1%
3,000	5.9%	5.0%	4.6%	4.3%	3.8%	0.0%	2.5%
3,500	6.6%	5.5%	5.2%	4.8%	4.3%	0.0%	2.8%
4,000	7.1%	6.1%	5.6%	5.3%	4.6%	0.0%	3.1%
4,500	7.7%	6.6%	6.1%	5.7%	5.1%	0.0%	3.4%
5,000	8.3%	7.0%	6.5%	6.1%	5.4%	0.0%	3.7%

# TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

Page S6

ARKANSAS

Original Printing

Effective January 1, 2008

## MISCELLANEOUS VALUES

**Basis of Premium** applicable in accordance with the footnote instructions for Code:

7370 -- Taxicab Co.

Employee operated vehicles ..... \$46,220.00  
Leased or rented vehicles..... \$30,813.00

7420 -- Aviation - Aerial Applicatin, Seeding, Herding or Scintillometer Surveying - Flying Crew

maximum payroll per week per employee ..... \$600.00

**Domestic Terrorism, Earthquakes, and Catastrophic Industrial Accidents\*\*** ..... \$0.01

\*\*Effective 7/1/05 per item B-1393

**Foreign Terrorism** (Voluntary Rate)..... \$0.03

**Expense Constant** applicable in accordance with **Basic Manual** Rule 3-A-11 for risks developing less than \$4,740.00

in Annual Standard Premium ..... \$40.00

**Expense Constant** applicable in accordance with **Basic Manual** Rule 3-A-11 for risks developing at least \$4,740.00

in Annual Standard Premium ..... \$160.00

**Maximum Payroll** applicable in accordance with **Basic Manual** Rule 2-E-1 - Executive

Officers and the footnote instructions for Code 9178 Athletic Team: Non-Contact Sports,

Code 9179 - "Athletic Team: Contact Sports", and Code 9186 - "Carnival- -Traveling ..... \$2,400.00

**Minimum Payroll** applicable in accordance with **Basic Manual** Rule 2-E-1 - "Executive Officer ..... \$300.00

**Per Passenger Seat Surcharge** - In accordance with the footnote instructions for Classification Code 7421, the

surcharge is..... \$100 per passenger seat

..... \$1,000 maximum surcharge per aircraft

**Premium Determination for Partners and Sole Proprietors, and Members of Limited Liability Companies**

in accordance with Basic Manual Rule Exception 2- ..... \$30,800.00

**Premium Discount Percentages** - (See **Basic Manual** Rule 3-A-19-a.) The following premium discounts are

applicable to Standard Premiums:

			Type A
First	\$5,000		0.0%
Next	95,000		10.9%
Next	400,000		12.6%
Over	500,000		14.4%

**United States Longshore and Harbor Workers Compensation Coverage Percentage** applicable only in

connection with **Basic Manual** Rule 3-A-4 ..... 90%

(Multiply a Non-F classification rate by a factor of 1.90 to adjust for differences in benefits and loss based expenses. This factor is the product of the adjustment for differences in benefits (1.67) and the adjustment for differences in loss-based expenses (1.139).)

## Experience Rating Eligibility

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$8,000. If more than two years, an average annual premium of at least \$4,000 is required. Page A-1 of the **Experience Rating Plan Manual** should be referenced for the latest approved eligibility amounts by state.

SERFF Tracking Number: TRAX-125346376 State: Arkansas  
Filing Company: TRANSGUARD INSURANCE COMPANY OF AMERICA, INC. State Tracking Number: EFT \$100  
Company Tracking Number: WC AR0711701R01  
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
Product Name: Adoption of NCCI AR WC Approved Voluntary Advisory  
Project Name/Number: Adoption of NCCI AR WC Approved Voluntary Advisory Loss Costs and Rating Values and Assigned Risk Rates and Rating Values  
to Be Effective January 1, 2008/WC AR0711701R01

## Supporting Document Schedules

**Review Status:**  
**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty Approved 11/05/2007

**Comments:**

**Attachments:**

AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF  
AR - NAIC RATE RULE FILING SCHEDULE.PDF

**Review Status:**  
**Satisfied -Name:** NAIC Loss Cost Filing Document for Workers' Compensation Approved 11/05/2007

**Comments:**

**Attachment:**

AR - NAIC LC FILING DOC RF-WC.PDF

**Review Status:**  
**Satisfied -Name:** NAIC loss cost data entry document Approved 11/05/2007

**Comments:**

**Attachment:**

AR - RATE FILING ABSTRACT RF-1.PDF

**Review Status:**  
**Satisfied -Name:** Cover Letter Approved 11/05/2007

**Comments:**

**Attachment:**

Cover Letter.PDF

**Review Status:**  
**Satisfied -Name:** Arkansas Actuarial Memorandum Approved 11/05/2007

**Comments:**





SERFF Tracking Number: TRAX-125346376 State: Arkansas  
Filing Company: TRANSGUARD INSURANCE COMPANY OF AMERICA, INC. State Tracking Number: EFT \$100  
Company Tracking Number: WC AR0711701R01  
TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC  
Product Name: Adoption of NCCI AR WC Approved Voluntary Advisory  
Project Name/Number: Adoption of NCCI AR WC Approved Voluntary Advisory Loss Costs and Rating Values and Assigned Risk Rates and Rating Values to Be Effective January 1, 2008/WC AR0711701R01

**Satisfied -Name:** Arkansas Rate of Return Exhibits **Review Status:** Approved 11/05/2007  
**Comments:**  
**Attachment:**  
Arkansas Rate of Return Exhibits.PDF

**Satisfied -Name:** Arkansas LCM Exhibits **Review Status:** Approved 11/05/2007  
**Comments:**  
**Attachment:**  
Arkansas LCM Exhibits.PDF


## Property &amp; Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b>	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
g. SERFF Filing #:		
h. Subject Codes		

<b>3. Group Name</b>	<b>Group NAIC #</b>			
IAT Reinsurance Company Group	0225			
<b>4. Company Name(s)</b>	<b>Domicile</b>	<b>NAIC #</b>	<b>FEIN #</b>	<b>State #</b>
TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.	IL	28886	36-3529298	

<b>5. Company Tracking Number</b>	WC AR0711701R01
-----------------------------------	-----------------

## Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

<b>6. Name and address</b>	<b>Title</b>	<b>Telephone #s</b>	<b>FAX #</b>	<b>e-mail</b>
Gloria A. Goldbranson 215 Shuman Blvd, Suite 400 Naperville IL 60563	Compliance Support Leader	800-796-2480 Ext. 3477	630-864-3579	Gloria.Goldbranson@Transguard.com
<b>7. Signature of authorized filer</b>				
<b>8. Please print name of authorized filer</b>	Gloria A. Goldbranson			

## Filing Information (see General Instructions for descriptions of these fields)

<b>9. Type of Insurance (TOI)</b>	16.0 Workers Compensation
<b>10. Sub-Type of Insurance (Sub-TOI)</b>	16.0004 Standard WC
<b>11. State Specific Product code(s) (if applicable) [See State Specific Requirements]</b>	
<b>12. Company Program Title (Marketing Title)</b>	Adoption of NCCI AR WC Approved Voluntary Advisory Loss Costs and Rating Values and Assigned Risk Rates and Rating Values to Be Effective January 1, 2008
<b>13. Filing Type</b>	<input checked="" type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
<b>14. Effective Date(s) Requested</b>	New: 01/01/08      Renewal: 01/01/08
<b>15. Reference Filing?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>16. Reference Organization (if applicable)</b>	NCCI - National Council on Compensation Insurance, Inc. (NCCI)
<b>17. Reference Organization # &amp; Title</b>	NCCI-AR-2007-10

Effective March 1, 2007

18.	Company's Date of Filing	11/01/07
19.	Status of filing in domicile	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

## Property & Casualty Transmittal Document

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	WC AR0711701R01
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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In accordance with the filing requirements of your state, we hereby submit the captioned filing for your review and approval.

At this time, we are filing to adopt the NCCI advisory loss costs which were approved for use in your state effective July 1, 2007 as announced in NCCI Circular #AR-2007-13 and Filing Circular AR-2007-10 (NCCI Item Filing #AR-2007-10,).

We are requesting a change in our LCM currently on file with your Department. Our TRANSGUARD rate pages reflecting the LCM change accompany this request. We have attached as support for our LCM request our Actuarial Memorandum, Arkansas Expense Ratio Exhibits and Rate of Return Exhibits.

This filing is being submitted under your Prior Approval statute. We request that this filing be applicable to all policies effective on or after January 1, 2008.

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable.) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<div style="margin-bottom: 20px;"> <b>Check #:</b>      EFT  <b>Amount:</b>     \$100         </div> <div style="text-align: center; margin-top: 100px;"> <b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b> </div>	

\*\*\*Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

## PROPERTY & CASUALTY RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)**

1.	<b>This filing transmittal is part of Company Tracking #</b>	WC AR0711701R01
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2.	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	N/A
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☒ Rate Increase      ☐ Rate Decrease      ☐ Rate Neutral (0%)

3.	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	Prior Approval
----	--	----------------

4a.	<b>Rate Change by Company (As Proposed)</b>						
-----	---	--	--	--	--	--	--

Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)
TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.	5.2	5.2	6583	37	126594	7.9	4.2
		0	0	0	0	0	0

4b.	<b>Rate Change by Company (As Accepted) For State Use Only</b>						
-----	--	--	--	--	--	--	--

Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholder affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)

<b>5. Overall Rate Information (Complete for Multiple Company Filings only)</b>			
---	--	--	--

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication(when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing - Number of policyholders affected		

6.	Overall percentage of last rate revision	1.4
----	--	-----

7.	Effective Date of last rate revision	10/01/2007
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8.	<b>Filing Method of Last filing</b> (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
----	--	----------------

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	S1 - S6 01-08	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AR-PC-07-026011
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

# FORM RF-WC NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION

## CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	WC AR0711701R01
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A

- ☒ **Loss Cost Reference Filing** NCCI-AR-2007-10 ☐ **Independent Rate Filing**  
(Advisory Org. & Reference filing #)

**If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.**

### 1. Check one of the following:

<input checked="" type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer. <b>Note: Some states have statutes that prohibit this option for some lines of business.</b>
<input type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Does this filing apply to all class codes? Yes If no, complete a copy of this form for each affected class with appropriate justification.

### 3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
(Check One)

- ☒ Without Modification (factor = 1.000)  
☐ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) \_\_\_\_\_

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.000

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.**

4. Development of Expected Loss Adjustment Expense (Target Cost) Ratio. (Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)

**PROJECTED EXPENSES: Compared to standard premium at company rates.**

			Selected Provisions	
	A.	Total Production Expense	18.7	%
	B.	General Expense	7.8	%
	C.	Taxes, Licenses & Fee	5.9	%
	D.	Underwriting profit & Contingencies*	4.1	%
	E.	Other (explain)	0.0	%
	F.	Total	36.4	%
		* Explain how investment income is taken into account		

5.	A.	Expected Loss Ratio: ELR = 100% - 4F =	63.6%
	B.	ELR in Decimal Form =	.636

**NAIC LOSS COST FILING DOCUMENT—*FOR WORKERS' COMPENSATION***

<b>6.</b>	<b>Overall Impact of Expense Constant and Minimum Premiums:</b> (a 2.3% impact would be expressed as 1.023)	1.011
<b>7.</b>	<b>Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating:</b> (An 8.6% average discount would be expressed as 0.914)	.976
<b>8.</b>	<b>Company Formula Loss Cost Multiplier</b> [3B / ((7 - 4F) X 6)]	1.62
<b>9.</b>	<b>Company Selected Loss Cost Multiplier =</b> (Attach explanation for any difference between 6 and 7)	1.62

- |            |   | Yes                      | No                                  |
|------------|---|--------------------------|-------------------------------------|
| <b>10.</b> | <b>Are you amending your minimum premium formula?</b> If yes, attach documentation, including rate level impact as well as changes in multipliers, expense constants, maximum, etc. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>11.</b> | <b>Are you changing your premium discount schedules?</b> If yes, attach schedules and support, detailing premium or rate level changes.   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |



# FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	WC AR0711701R01
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	NCCI - National Council on Compensation Insurance, Inc. (NCCI) NCCI-AR-2007-10

		Company Name		Company NAIC Number
3.	A.	TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.	B.	0225-28886

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	16.0 - Workers Compensation	B.	16.0004

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Workers Compensation	+5.2%	+5.2%	.636	1.000	1.62	40	1.59
TOTAL OVERALL EFFECT	+5.2%	+5.2%					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2004	43			124	964	777.4%	90.3%
2005	35			206	-629	-305.3%	86.0%
2006	37			134	92	68.7%	87.4%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	18.7%
B. General Expense	7.8%
C. Taxes, License & Fees	5.9%
D. Underwriting Profit & Contingencies	4.1%
E. Other (explain)	0.0%
F. TOTAL	36.4%

8. Y Apply Lost Cost Factors to Future filings? (Y or N)

9. 7.9% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):

10. Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable):



215 Shuman Blvd., Suite 400  
Naperville, IL 60563

November 1, 2007

Commissioner Julie Benafield Bowman  
Attn: Property & Casualty Division  
Arkansas Department of Insurance  
1200 West Third Street  
Little Rock, AR 72201-1904

**Sent via SERFF**

RE: Workers Compensation  
Adoption of NCCI AR WC Approved Voluntary Advisory Loss Costs and Rating  
Values and Assigned Risk Rates and Rating Values to Be Effective January 1,  
2008  
TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.  
NAIC#: 0225-28886 FEIN: 36-3529298  
Filing#: WC AR0711701R01

Dear Property & Casualty Division:

In accordance with the filing requirements of your state, we hereby submit the captioned filing for your review and approval.

At this time, we are filing to adopt the NCCI advisory loss costs which were approved for use in your state effective July 1, 2007 as announced in NCCI Circular #AR-2007-13 and Filing Circular AR-2007-10 (**NCCI Item Filing #AR-2007-10**).

We are requesting a change in our LCM currently on file with your Department. Our TRANSGUARD rate pages reflecting the LCM change accompany this request. We have attached as support for our LCM request our Actuarial Memorandum, Arkansas Expense Ratio Exhibits and Rate of Return Exhibits.

This filing is being submitted under your Prior Approval statute. We request that this filing be applicable to all policies effective on or after January 1, 2008.

Your prompt attention to this matter is appreciated. If you have any questions or require additional information, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink that reads 'Gloria Goldbranson'.

Gloria A. Goldbranson  
Compliance Support Leader  
Phone: 800-796-2480 Ext. 3477  
Fax: 630-864-3579  
Email: Gloria.Goldbranson@Transguard.com

Enclosure(s)

Transguard Insurance Company of America, Inc.

Actuarial Memorandum

I. History

Transguard Insurance Company of America, Inc. began writing direct workers' compensation business in 2004. Our Direct Written Premium for 2006 in [Arkansas](#) was \$126,594.

II. Expense Assumptions

We are filing for an increase in our Loss Cost Multiplier (LCM) to update our expense assumptions.

In our previous LCM filing, we included expense assumptions based, in part, on industry data. In the current filing, we are now using our own expense experience for commissions, other acquisition expense, premium discounts and expense constants. Our expense ratio to Standard Premium is estimated to be 36.4%, which includes a 4.1% Profit & Contingencies assumption.

Our projected expenses for Commission and Taxes are based on [Arkansas](#) specific data. Our projected expenses for Other Acquisition and General Expense are based on our 2004, 2005 & 2006 countrywide Insurance Expense Exhibits. Details of our expense estimates are provided in Exhibit 2.

III. Overall Rate Change

The overall indicated rate change, reflecting the increase in the Loss Cost Multiplier for the new expense assumption and the loss experience is +5.2%. The indications by class code are shown in the table below:

Estimated Impact of Changes in Loss Costs and Changes in Rate

Class	Payroll	Current Loss Cost	Proposed Loss Cost	Change in Loss Cost	Current Rate	Proposed Rate	Change in Rate
7228	63,929	5.40	5.61	3.9%	8.59	9.09	5.8%
7229	688,518	5.36	5.58	4.1%	8.52	9.04	6.1%
8293	632,874	5.81	5.94	2.2%	9.24	9.62	4.2%
8742	80,000	0.35	0.37	5.7%	0.56	0.60	7.7%
8810	485,385	0.17	0.18	5.9%	0.27	0.29	7.9%
Total	1,950,706	4.01	4.14	3.2%	6.38	6.71	5.2%

We have 37 policyholders affected by this rate change, with premium of approximately \$126,594. The overall dollar impact of the rate change is estimated to be \$6,583.

**TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.**

## DERIVATION OF TARGET RATE OF RETURN

(1) Historical Annual Return on US Treasury Bills (1926-2003) (a)	3.7%
(2) Historical Annual Return on Large Company Stocks (1926-2003) (a)	10.4%
(3) Historical Margin Over Risk-Free Rate [(2) - (1)]	6.7%
(4) Current Risk-Free Rate (b)	3.9%
(5) Target Rate of Return [(3)+(4)] (c)	10.6%

Notes: (a) From Ibbotson Associates 2004 Yearbook

(b) Current 3 month Treasury Bill Rate (Oct 2007)

(c) Based on application of the Capital Asset Pricing Model.

Assumes that the  $\beta$  of large company stocks is 1.00

# TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

## CALCULATION OF POST-TAX INVESTMENT YIELD

(1) Historical Average Return Intermediate-Term Government Bonds (1926-2003)	5.4%
(2) Historical Annual Return on US Treasury Bills (1926-2003) (a)	3.7%
(3) Historical Margin Over Risk-Free Rate [(1) - (2)]	1.7%
(4) Current Risk-Free Rate (b)	3.9%
(5) Pre-Tax Investment Yield [(3) + (4)] (c)	5.6%
(6) Assumed Tax Rate on Investments (d)	20.0%
(7) Post-Tax Investment Yield [(5) x {1.0 - (6)}]	4.5%

Notes: (a) From Ibbotson Associates 2004 Yearbook

(b) Current 3 month Treasury Bill Rate (Oct 2007)

(c) Based on application of the Capital Asset Pricing Model.

Assumes that the  $\beta$  of large company stocks is 1.00

(d) Based on a corporate tax rate of 35% and the assumption that some investment income is not subject to tax.

**TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.****WORKERS COMPENSATION  
ARKANSAS****ESTIMATED INVESTMENT INCOME ON  
UNEARNED PREMIUM AND LOSS RESERVES****I. Unearned Premium Reserve**

A. Direct Earned Premium (a)	\$ 1.00
B. Mean Unearned Premium Reserve (b)	0.28
C. Deduction for Prepaid Expenses (c)	
1. Commissions and Brokerage	13.1 %
2. 50% of Remaining Acquisition Costs	5.8
3. 50% of General Expense	3.9
4. Total	22.8 %
D. Deduction for Federal Taxes Payable (35% x 20%)	7.0 %
E. [B x (C + D)]	0.08
F. Net Subject to Investment [B - E]	0.20

**II. Delayed Remission of Premiums**

A. Direct Earned Premium (a)	1.00
B. Average Agent's Balances (d)	44.7 %
C. Delayed Remission [A x B]	0.45

**III. Expected Loss and Loss Adjustment Expense Reserve**

A. Direct Earned Premium (a)	1.00
B. Expected Loss and LAE Ratio (c)	0.635
C. Reserve to Incurred Ratio (e)	2.59
D. Expected Loss and Loss Adjustment Expense Reserve [B x C]	1.64

**IV. Net Subject to Investment [I.F - II.C + III.D]** 1.39

V. Average Rate of Return on Invested Assets (post-tax) (f)	4.5 %
---	-------

VI. Investment Earnings on Net Subject to Investment [IV. x V.]	6.2 %
---	-------

VII. Average Investment Income as a Percentage of Direct Earned Premium [VI. ÷ I.A]	6.2 %
---	-------

Notes: See Exhibit A-IV

**TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.****WORKERS COMPENSATION  
ARKANSAS**

(a) Earned Premium is indexed to 1.00.

(b) From Transguard 2006 Annual Statement, Exhibit of Premiums and Losses, Pages 2,3 & 4  
All Lines of Business

(i) Unearned Premiums, Dec. 31, 2005	\$ 16,187,748
(ii) Unearned Premiums, Dec. 31, 2006	17,450,195
(iii) Mean Unearned Premium Reserve $\{[(i) + (ii)] / 2\}$	16,818,972
(iv) Premium Earned During 2006	59,473,496
(v) Mean Unearned Premium Reserve (% of EP)	0.28

(c) Based on Transguard expense loads underlying proposed rates.

(d) From Transguard 2006 Annual Statement all lines

(i) Agent's Balances, Dec. 31, 2005	\$ 20,778,987
(ii) Agent's Balance Dec. 31, 2006	32,423,571
(iii) Average Agent's Balances $\{[(i) + (ii)] / 2\}$	26,601,279
(iv) Premium Earned During 2006 (all lines)	59,473,496
(v) Average Agent's Balances (% of EP)	0.45

(e) From Estimated Payout Pattern at Steady State  
(Workers Compensation):

(i) Unpaid losses	\$ 2,354,545
(ii) Unpaid LAE,	235,455
(iii) Total Unpaid Losses $[(i) + (ii)]$	2,590,000
(iv) Losses Incurred,	1,000,000
(v) Reserve to Incurred Ratio $[(iii) \div (iv)]$	2.59



**TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.**WORKERS COMPENSATION  
ARKANSAS

## DEVELOPMENT OF PROPOSED EXPENSE PROVISIONS

## COUNTRYWIDE HISTORICAL EXPENSE EXPERIENCE

<u>Item</u>	<u>Percent of Direct Earned Premium (a)</u>
Commissions & Brokerage (b)	13.1 %
Other Acquisition Expenses (a)	5.6
General Expenses (a)	7.8
Premium Taxes and Fees (b)	5.9
Total	32.4 %

Notes: (a) Based on 2004, 2005 & 2006 Countrywide Insurance Expense Exhibit.  
(b) Based on State experience

# TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

## DERIVATION OF PROPOSED UNDERWRITING PROFIT

(1) Earned Premium (a)	1.000
(2) Imputed Surplus (b)	1.252
(3) Investment Income from Reserves (post-tax) (c)	0.062
(4) Investment Income from Surplus (post-tax) (d)	0.056
(5) Underwriting Profit (pre-tax) (f)	3.1%
(6) Underwriting Profit (post-tax) (g)	2.0%
(7) Total Income (post-tax) [(3) + (4) + (6)]	13.8%
(8) Return on Surplus [(7) ÷ (2)]	10.6%
(9) Underwriting Contingency	1.0%
(10) Underwriting Profit & Contingency [ (5) + (9) ]	4.1%

Notes: (a) Earned Premium is indexed as 1.00

(b) Based on ratio of Surplus to Net Earned Premium

(c) See Exhibit A-III

(d) Calculated as (2) x the estimated post-tax investment yield (see Exhibit A-II).

(f) Balanced so that total return (Line (8)) equals target rate of return from Exhibit A-I.

(g) [(5) x 65%]

# TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

## WORKERS COMPENSATION ARKANSAS

### DEVELOPMENT OF PROPOSED EXPENSE LOAD ALL CLASSES

Item	Transguard Proposed
(1) Production Expenses	18.7 % (a)
(2) General Expense	7.8 (a)
(3) Taxes, Licenses, and Fees	5.9 (b)
(4) Total	32.4 %
(5) Expected Loss and LAE Ratio [1.0 - (5)]	67.6 %

Notes: (a) See Exhibit A-V.  
(b) Based on State rates

TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

Development of Pure Premium Multiplier

A. Loss Related Items

1. Loss cost modification factor	1.000	
2. Trend factor	1.000	
3. Loss adjustment expense (LAE)	<u>1.000</u>	
4. Loss factor (A1 x A2 x A3)		1.000

B. Premium Related Items

6. Commission and brokerage	0.131	
7. Other Acquisition	0.056	
8. General Expenses	0.078	
9. Tax, Licenses and Fees	<u>0.059</u>	
10. Total Premium Related Expenses		0.323
11. Underwriting Profit & Contingencies	0.050	
12. Credit for investment income	<u>-0.009</u>	
13. Total premium related expense and profit (B10 + B11 + B12)		0.364
14. Expected loss and LAE ratio (1.00 - B13)		0.636

C. Overall impact of expense constant and minimum premium 1.011

D. Overall impact of size-of-risk discounts 0.976

E. Formula Loss Cost Multiplier  $(A4 / [(D - B13) \times C])$  1.62

F. Selected Loss Cost Multiplier 1.62

TRANSGUARD INSURANCE COMPANY OF AMERICA, INC.

Calculation of Projected Expenses

<u>Commission</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Total/Average</u>	<u>Selected</u>
(1) Direct Written Premium (Page 14 )	191,609	198,308	126,594	516,511	
(2) Commission & Brokerage (Page 14 )	31,440	26,869	9,764	68,073	
(3) Commission & Brokerage as a percent of Direct Written Premium	16.41%	13.55%	7.71%	13.18%	
(4) Ratio of Direct Premium to Standard Premium	0.995	0.991	0.992	0.993	
(5) Commission & Brokerage as a percent of Standard Premium	16.33%	13.42%	7.65%	13.08%	13.1%
<u>Other Acquisition Expense</u>					
(6) Direct Written Premium (IEE)	25,405,000	29,860,000	19,595,000	74,860,000	
(7) Other Acquisition Expenses Incurred (IEE) -0.009	151,000	3,219,000	826,000	4,196,000	
(8) Other Acquisition Expense as a percent of Direct Written Premium	0.59%	10.78%	4.22%	5.61%	
(9) Ratio of Direct Premium to Standard Premium	0.995	0.991	0.992	0.993	
(10) Other Acquisition Expense as a percent of Standard Premium	0.59%	10.68%	4.18%	5.56%	5.6%
(11) Total Production Expense as a percent of Standard Premium	16.92%	24.10%	11.83%	18.65%	18.6%
<u>General Expense</u>					
(12) Direct Earned Premium (IEE)	14,782,000	29,300,000	23,627,000	67,709,000	
(13) General Expenses Incurred (IEE)	545,000	2,906,000	1,851,000	5,302,000	
(14) General Expense as a percent of Direct Earned Premium	3.69%	9.92%	7.83%	7.83%	
(15) Ratio of Direct Premium to Standard Premium	0.995	0.991	0.992	0.993	
(16) General Expense as a percent of Standard Premium	3.67%	9.82%	7.77%	7.77%	7.8%
<u>Taxes, Licenses &amp; Fees - Arkansas</u>					
(17) Premium Tax	2.50%	2.50%	2.50%	2.50%	
(18) Combined Fund Allowance	3.00%	3.00%	3.00%	3.00%	
(19) Other Taxes, Licenses & Fees	0.40%	0.40%	0.40%	0.40%	
(20) Total Taxes, Licenses & Fees	5.90%	5.90%	5.90%	5.90%	
(21) Ratio of Direct Premium to Standard Premium	0.995	0.991	0.992	0.993	
(22) Taxes, Licenses & Fees as a percent of Standard Premium	5.87%	5.84%	5.85%	5.86%	5.9%
<u>Total</u> (23) (11)+(16)+(22)	26.46%	39.77%	25.46%	30.56%	